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COLUMNS

The last barrel

Additions to U.S. oil reserves from Shale Revolution remain impressive

Kurt Abraham, World Oil

Amid all the talk that we hear these days in the U.S. and [Canada](#) about how low oil prices can go, and how many people are being laid off, and how drastically budgets are being cut, as well as how many companies will merge with each other, it's easy to become depressed and start feeling a bit sorry for one's self. And yet, our valued readers, I would like to remind you that it wasn't very long ago that the upstream industry in North America was in its fifth straight year of racking up significant achievements (both technical and economic) and setting a few records along the way.

Look at those reserve numbers. I was reminded of this in rather startling fashion, as I worked on the final stages of our annual Worldwide Upstream Activity report, which if you haven't figured it out already, is a real difficult son-of-a-gun to put together. More specifically, I was working on the Worldwide Oil and Gas Reserves table, and the U.S. oil reserve figure of 36.520 Bbbl just leapt off the page and got my attention. It caught my attention for two reasons: 1) I was curious to know what would be the last time that U.S. oil reserves had been that high; and 2) I realized that since this was an end-of-2013 number, I would have to make an estimate for the end of 2014.

Okay, fine. So, looking at the average annual addition to U.S. oil reserves over the past five years, I discovered that roughly 3.0 Bbbl had been added each year, for the previous five years. But given the sudden downturn in the last two-and-a-half months of 2014, my instincts told me to cut down that rate for last year's number. Thus, being conservative by nature, I low-balled my estimate and added 1.2 Bbbl, for an end-of-2014 figure of 37.7 Bbbl.

Searching the archives. Now, all I had to do was go back through old worldwide activity issues of *World Oil*, and track the reserves tables until I found the year with the right number. This turned into a bigger chore than I anticipated. The next thing I knew, I was thumbing through issues of the early 1970s and even into the 1960s. I thought that I had nailed down the proper year, for when U.S. oil reserves were higher than the 2013 number, only to find a news release from the Energy Information Administration (EIA). This release, in publicizing the 2013 figure, also mentioned that reserves had not been this high since 1975. "Wait a minute, that says 1975, not 1971," I muttered. "How can this be? Where is the discrepancy?"

This sudden problem prompted a phone call to one of the more senior analysts at EIA. In hearing my problem, he told me that he would try to get the right person in their shop (who was working from home that day), to get in touch with me. Two emails and one phone call later, I suddenly was gifted with a definitive list of U.S. reserve figures, dating back to 1963. And here is where the problem solved itself—yes, the old *World Oil* issues from 40-plus years ago certainly showed the correct "crude oil" numbers, but they failed to also show corresponding condensate numbers. Apparently, that was not standard practice back then, as it is for us today. So, yes, I saw a correct number for 1971's level, but it was only half of the story—it was missing the condensate portion. Therefore, the numbers for years 1972 through 1975 suddenly grew larger, too, which explains why 1974 was the first point higher than the 2013 figure.

Some startling numbers. In working through all these numbers, I discovered some enlightening facts about U.S. oil reserves. Between 1945 and 1955, U.S. crude reserves jumped from about 19 Bbbl to roughly 30 Bbbl, one of the three largest reserve growth periods in U.S. history. And then from the mid-1950s, all the way to 1970, U.S. oil reserves (including condensate), stayed in a comfortable range between 30 Bbbl and about 35 Bbbl. Then came Alaska's Prudhoe Bay discovery in 1968, and API (because there was no DOE or EIA back then) finally accounted for the find in its 1970 oil reserve figure by adding 10.3 Bbbl in one giant, overnight move. That little piece of API math, by the way, is the single-largest yearly addition to oil reserves in U.S. history.

But here's one more not-so-little piece of trivia: Although the total combined addition to U.S. reserves did not come in one year, the amount of crude and condensate added during the Shale Revolution years of 2009 to 2014 now ranks as the largest, constant addition ever—15.966 Bbbl. And if you want to have faith in our 2014

estimate of 37.7 Bbbl, then the figure climbs to 17.146 Bbbl. So, when you're feeling less-than-encouraged about the global oil market, just remember these numbers, and the high degree of achievement by so many people that they represent.

Memo to the media. And now a few words to the U.S. national media, since we're in a presidential election season: Simply put, you people have no idea what you speak of, when you play along with the Obama and radical environmental agenda, and pine for the day that the world is oil-and-gas-free, and in a precious, zero-emissions bubble.

It is particularly galling that many of you media folks climb out of hydrocarbon-fueled SUVs to do your stand-ups and remotes, where you proceed to whine about [fracing \(\)](#) and emissions. Perhaps you can get away with dumping truckloads of written and verbal excrement on a gullible U.S. public, but go try and tell that flawed story to the hundreds of millions, if not billions, of people that still cook with wood every day—I doubt you'll have an audience. They're just trying to get through another day. [WO](#)

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Kurt Abraham kurt.abraham@worldoil.com

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